

Corporate News

ERWE Immobilien AG continues to grow profitably

- **9-months consolidated net income increases to Euro 3.8 million**
- **Net asset value (NAV) per share rises to Euro 4.32**
- **Further successful acquisitions**

Frankfurt am Main, 13 November 2020. ERWE Immobilien AG (ISIN DE000A1X3WX6, ERWE), Frankfurt am Main, has maintained its course of targeted and profitable growth even in a challenging climate. The company, which focuses on building a profitable portfolio of commercial properties in German inner cities, has reported further profitable growth in 2020 as well. In the first nine months of the financial year, ERWE increased its consolidated net income to Euro 3.7 million (9M 2019: Euro 1.7 million). Adjusted EBIT rose to Euro 6.2 million (9M 2019: Euro 6.1 million).

The key figures were influenced once again by the company's consistent acquisition strategy, which involves investing in properties offering significant value growth potential in prime locations in second-tier German cities. Due to a successful investment already made in the first half of the year in the centrally located shopping and office complex in Coesfeld near Münster, the company's key figures for the period under report benefited once again from fair value measurement. Overall, this measurement pursuant to IAS 40 led to a positive item of Euro 8.9 million, with this largely being due to the aforementioned acquisition. Furthermore, a revaluation of deferred tax obligations resulted in income of Euro 2.3 million.

The income statement for the first nine months documents ERWE's growth and its lettings success. The company has only witnessed a low volume of rental income losses due to the coronavirus crisis and these are due to be settled by the relevant parties largely by the end of the year. At Euro 4.0 million, rental income was therefore significantly higher than in the previous year's period (9M 2019: Euro 2.5 million). Net of expenses, earnings from property lettings amounted to Euro 2.3 million (9M 2019: Euro 0.9 million). Consistent with the growing range of tasks, including the internationalisation of property management, personnel expenses rose significantly to Euro 3.2 million (9M 2019: Euro 1.2 million).

"Despite this growth, our key financial performance indicators are still very robust", comments ERWE Director Axel Harloff. At 59.9 percent, loan-to-value is still within ERWE's guidance figure of 60 percent (end of 2019: 46.6 percent). The equity ratio stood at 29.58 percent (end of 2019: 35.84 percent). At Euro 71.5 million, or Euro 4.32 per share, net asset value rose slightly compared with the end of 2019 (Euro 4.22 per share). Due to the new investments

made, total assets grew to Euro 209.8 million (end of 2019: Euro 162.6 million), of which Euro 183.3 million was attributable to investment property (end of 2019: Euro 131.9 million).

“In many cities, the current coronavirus crisis has acted as a catalyst in accelerating structural changes. This way, the monothematic focus on retail is changing quickly and freeing up enormous development potential for new forms of real estate”, comments ERWE Director Rüdiger Weitzel. “By making further targeted investments, ERWE will be seizing these opportunities.”

ERWE has thus invested, also in the first half of the year, in a further centrally located property in downtown Krefeld in order to erect a completely new building on this site with variable options for use. Not only that, the company has acquired two properties in Darmstadt, one a commercial property on the A5 motorway with substantial potential for expansion and the other a property in a prime downtown location, which also offers potential for development.

ERWE intends to keep growing in future as well. The medium-term goal is to double the portfolio value over the next two to three years. To achieve this, ERWE will be drawing on suitable capital measures in future as well. These are currently being prepared and should be implemented in stages. Further growth has also been facilitated by founding ERWE Invest GmbH. On behalf of institutional investors and with its own participation, this company will build and manage a large portfolio of commercial properties in prime locations in second-tier cities.

ERWE Immobilien AG focuses on developing a highly profitable commercial real estate portfolio. Its preferred sites involve promising downtown locations in German cities and exclusively prime locations in smaller towns and municipalities. ERWE acquires properties whose potential value growth can be sustainably exploited by introducing new utilisation concepts. This way, the company aims to build a highly profitable and valuable portfolio with substantial revenue growth. ERWE Immobilien AG is listed in the Regulated Market (General Standard) in Frankfurt and in open trading on the stock exchanges in Frankfurt am Main (XETRA), Berlin, Düsseldorf and Stuttgart (ISIN: DE000A1X3WX6).

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